

EXHIBIT 8

DATE 01/21/13

HB 2

Montana Department of Commerce

Business Resources Division

Joint Appropriations Subcommittee
General Government

January 21, 2013

Andy Poole, Division Administrator

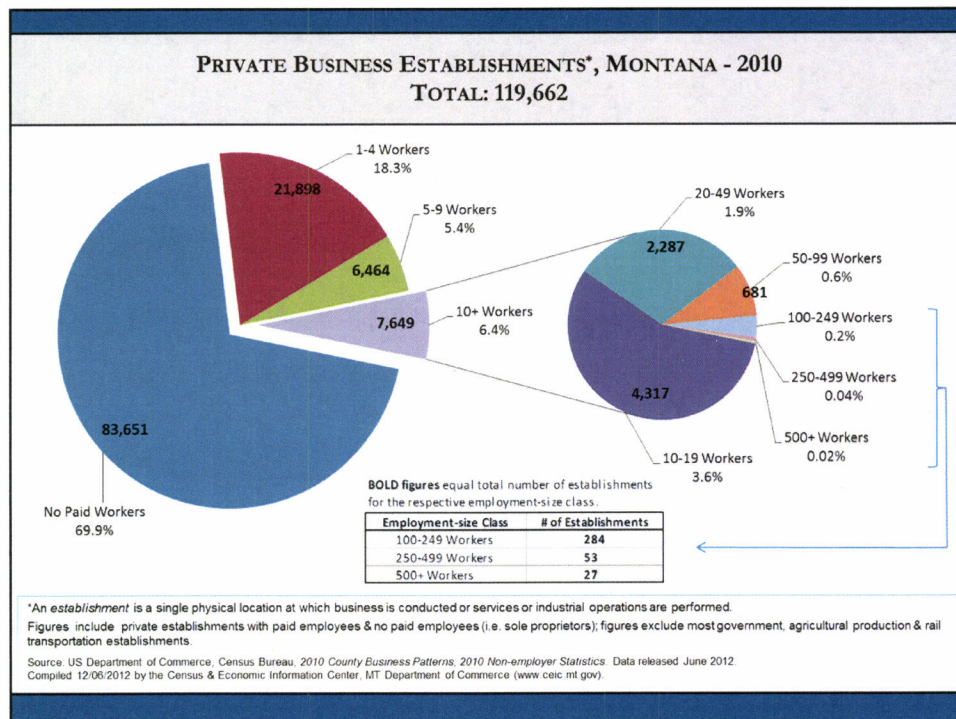
Statutory Responsibility

MCA 90-1-105 – economic development

- Help communities get new business
- Help communities expand existing business
- Study and promote markets for Montana products
- Provide training and technical assistance to small businesses
- Provide information about economic sectors in Montana
- Promote and enhance economic opportunities on Montana Indian reservations

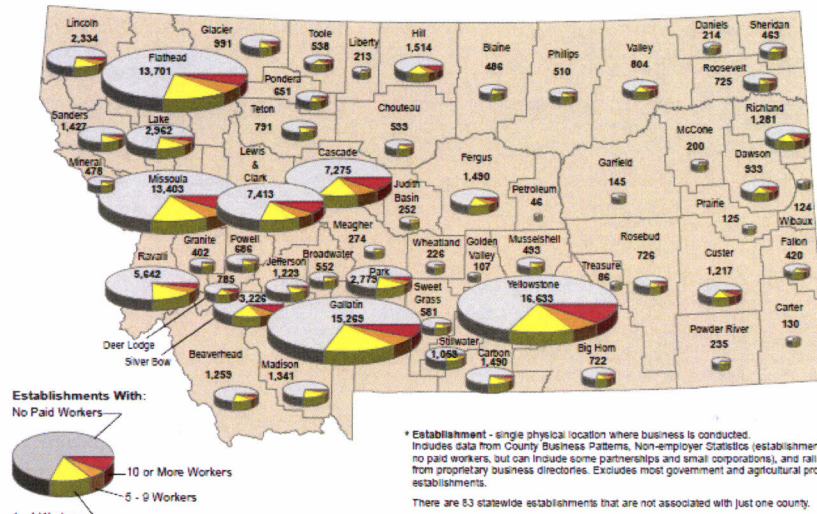
Statutory Responsibility - Business Resources Division

- 2-15-1819, MCA: Board of Research and Commercialization Technology
- 2-15-1820, MCA: Economic Development Advisory Council
- 7-6-1501, MCA: Resort tax – definitions (designation of resort areas and communities)
- 15-35-108, MCA: Disposal of Severance Taxes (Statutory Economic Development)
- 17-5-820, MCA: Authorization of Bonds (Aerospace Bonding)
- 17-6-4, MCA: Microbusiness Development Act
- 30-17, MCA: Electronic Directory of Montana Products
- 39-11, MCA: Primary Sector Business Workforce Training Act
- 90-1-105, MCA: Functions of the Department of Commerce – Economic Development
- 90-1-109, MCA: State Census and Economic Information Center
- 90-1-116, MCA: State matching funds program for economic development (CRDC's)
- 90-1-117 to 119, MCA: Small Business State Matching Grant Program
- 90-1-130 to 90-1-135, MCA: Native American Economic Development Act of 1999
- 90-1-141 through 147, MCA: Economic Development Financial Assistance Act
- 90-1, Part 2, MCA: Big Sky Economic Development Program
- 90-1, Part 5: Distressed Wood Products Industry Revolving Loan Program
- 90-3, MCA: Research and Commercialization
- 90-9-401, MCA: Agriculture marketing enhancement-Japan/Pacific Rim marketing



Montana: Number of Private Business Establishments*, 2010

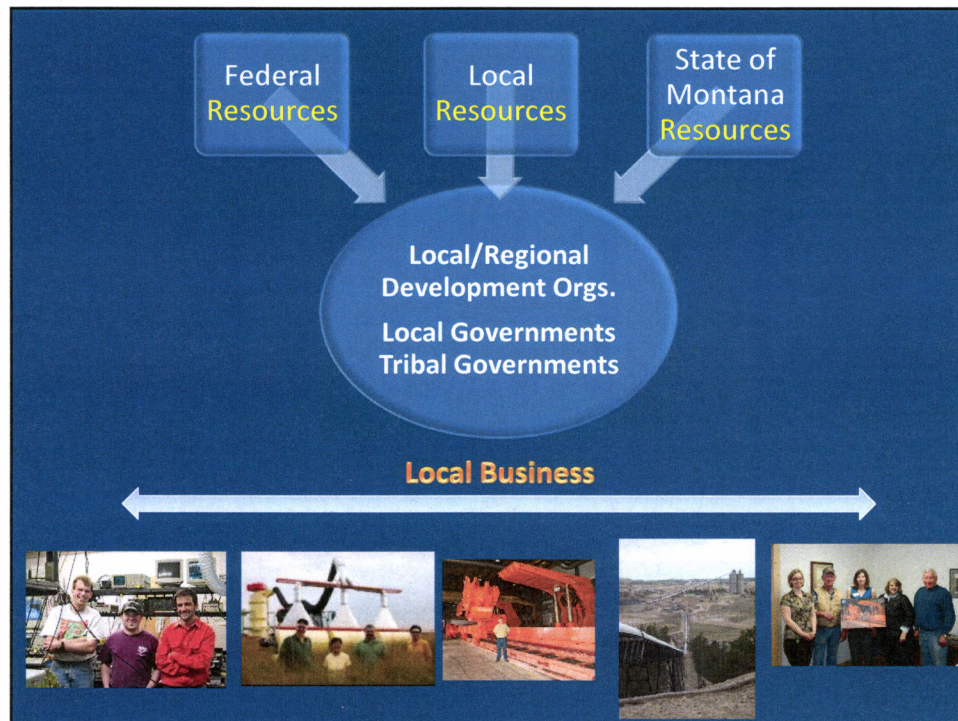
Total Establishments: 119,662



Sources: U.S. Census Bureau, County Business Patterns, 2010 County Business Patterns & 2010 Non-employer Statistics, released June 2012

Map by: Census & Economic Information Center, Montana Department of Commerce
301 S. Park Ave., Helena, MT 59620-0505, 406-841-2742, email: ceic@mt.gov, http://ceic.mt.gov

December 2012 - PrivateEst10.mxd



Technical Assistance

- Small Business Development Centers
- Export Trade
- Marketing
- Technology Innovation

Finance

- Workforce Training
- Indian Country Economic Development
- Community Development Block Grant
- Microbusiness Finance
- Research & Commercialization
- Big Sky Economic Development Trust Fund
- Wood Products Revolving Loan Fund

Information

- Census & Economic Information Center
- State-Tribal Economic Development Commission
- Economic Development Advisory Council

Technical Assistance – SBDC's

Small Business Development Centers (MCA 15-35-108)

Provide training and technical assistance to new and existing small business

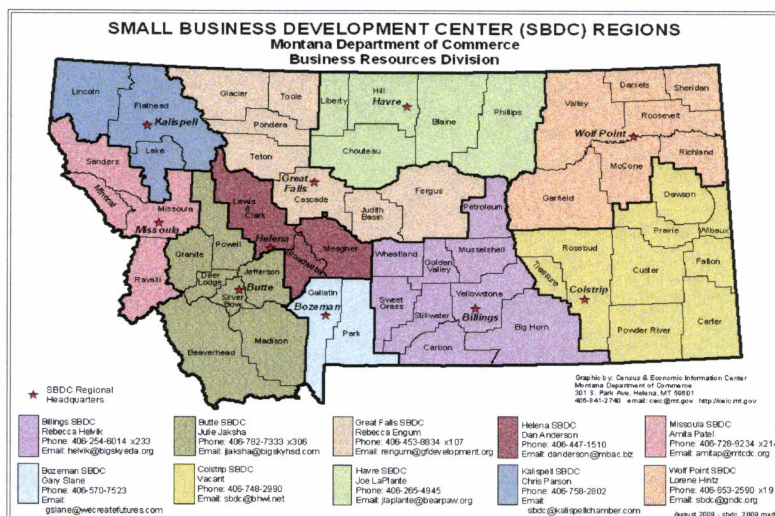
- Business plan development, financial management, market feasibility
- Low-cost training in business start-up, marketing, taxes, and cash flow analysis



Performance in 2011

- 126 training events
- 1,511 clients trained
- 948 clients provided individual counseling
- 5,058 counseling hours
- \$84,544,188 dollars loaned to clients after counseling

Technical Assistance – SBDC's



Technical Assistance – Export Trade

Export Trade MCA 90-9-401, 15-35-108

Provide technical assistance to Montana businesses

- Identify and sell into new markets
- Comply with reporting/licensing requirements
- Comply with foreign customs regulations
- Handle shipping and logistical issues
- Develop commercial relationships



Promote Montana as a tourism destination for Asian travelers

- Reverse Export – foreign \$\$ spent in Montana
- Overseas tourists spend as much as 6 times the amount as domestic tourists

Protocol Office for State of Montana

- Sister-State relations with Kumamoto, Japan; Taiwan Province, Taiwan; Guanxi Zhuang, Peoples Republic of China
- Informal Relations with Alberta, Saskatchewan, British Columbia and the Kyrgyz Republic

Technical Assistance – Export Trade

Why Trade?

95 percent of the world's consumers live outside of the U.S.

Exporting enables companies to weather changes in the domestic economy.

Free trade agreements have opened up new opportunities for exporting.

- Australia, Bahrain, Canada, Chile, Dominican Republic, Israel, Jordan, Mexico, Morocco, Oman, Peru, Singapore and many Central America countries

1 of every 5 manufacturing jobs depends on exports.

Export jobs receive wages higher than the national average.

More than two-thirds of exporters have fewer than 20 employees

2011 MONTANA EXPORT FAST FACTS

Total - \$2.46 Billion in Combined Exports

(Up 25% from 2010)

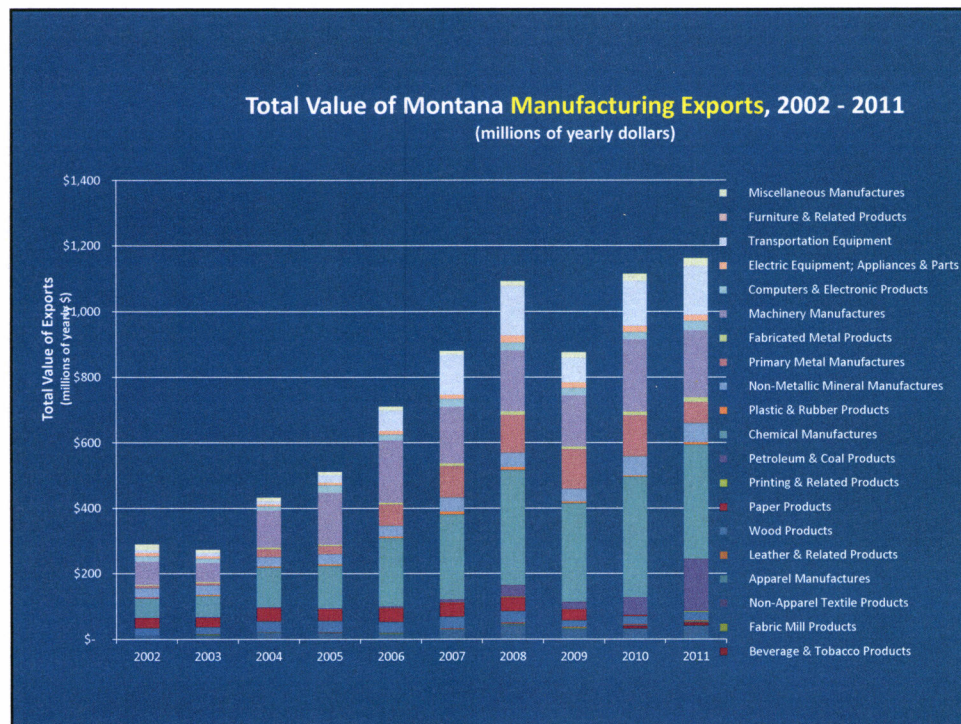
Top 10 Countries Buying Montana Products* (in millions of dollars)

#1	Canada	\$ 590.9
#2	Republic of Korea	227.0
#3	Mexico	128.8
#4	China (Mainland)	120.3
#5	China (Taiwan)	66.3
#6	Japan	63.0
#7	Germany	43.1
#8	United Kingdom	32.6
#9	Belgium	31.9
#10	Singapore	27.2

*These figures do not include bulk wheat exports

Top 20 Exports from Montana (in millions of dollars)

1	Bulk Wheat	\$881.8
2	Mineral Fuel, Oil etc.	374.2
3	Inorganic Chemicals	346.4
4	Industrial Machinery (including computers)	197.9
5	Vehicles, Parts etc.	114.9
6	Cereals	60.5
7	Ores, Slag & Ash	60.2
8	Salt; Sulfur; Earth & Stone	57.6
9	Aircraft, Parts etc.	40.3
10	Optic, Medical or Surgical Instruments	37.6
11	Edible Vegetables	27.2
12	Wood & Articles of Wood	26.2
13	Pharmaceutical Products	26.0
14	Electric Machinery	20.8
15	Bakers Wares (cereal, flour, starch or milk; pasta)	20.0
16	Live Animals	16.9
17	Misc Chemical Products	15.2
18	Food Industry Residues (Prep Animal Feed)	12.6
19	Musical Instruments (Parts & Accessories)	10.4
20	Oil Seeds	9.90



Technical Assistance - Marketing

Marketing MCA 30-17

Marketing assistance for Montana companies

■ Made-in-Montana promotional campaigns

- Internet products directory
- Made-In-Montana Product labels
- Billboards, airport displays



■ Made-In-Montana Marketplace

- annual trade show for MIM companies to sell to wholesale buyers

■ Trade Show Assistance Program

- counseling, training, and assistance in national trade shows
- Matching funds of up to \$3,000 for qualifying companies to pay for trade show costs – not travel

■ Business to Business marketing consultation

- performing strategic B2B marketing analyses (Not retail marketing)

Technical Assistance - Marketing

Performance:

- Over 2,200 companies registered in MIM program
- 2,175 Made-In-Montana online product participants –
 - madeinmontanausa.com
- Over 34 million MIM labels sold
- 36 companies awarded trade show participation funds
 - \$615,543 in immediate sales
 - long-term estimates > \$14 million
- 55 companies provided strategic B2B marketing assistance to date.

Technical Assistance - Technology

MT. Technology Innovation Partnership (MCA 15-35-108)

Provides consulting services to technology based businesses

- Technical assistance in applying for Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs
 - Over \$2.5 billion available from 10 federal agencies each year
- Technical assistance in technology issues like intellectual property and commercialization strategies

Performance

- \$111,208,118 in SBIR/STTR funding awarded to Montana companies (2000-2011)
- 388 federal awards to Montana companies (2000-2011)
- 35 per year average (average of 8 per year prior to program)
- 80% companies received direct assistance from program

Finance

Primary Sector

Workforce Training (MCA 39-11)

DP5101 New Proposal (OTO) - \$1 million/yr.

Purpose: (MCA 39-11) Meet the training needs of existing industries in the state and provide incentives to businesses to locate and expand within the state

Primary sector companies – 50% of sales out of state

Up to \$5,000 in training funds for each new job created

\$1 to \$3 match (company to state)

Funds not paid to company until jobs created and training given

Finance – Worker Training

Performance

- 41 companies awarded
- \$242.5 million invested in projects.
- 9,563 jobs created
 - 4,257 direct jobs, 5,306 supported jobs
- \$381 million/yr. in new wages
- \$14.1 million since 2005.
- \$15.1 million increase in annual state income tax.
- \$135.8 million in new construction



Finance

Indian Country Economic Development

DP5102 New Proposal \$800,000/yr. (Funded since 2005)

Purpose: Stimulate economic development by supporting new business development and job creation.

Three primary activities

1. Tribal Nations Economic Development (\$560,000)
 - \$70,000 per tribe
 - Priority economic development projects
2. Indian Equity Fund for Individual Business Owners (\$126,000)
 - \$7,000 per successful applicant
 - Native-owned business owner
 - 17 Awards
3. Indian entrepreneurship business training (\$24,000)
 - \$3,000 per tribe
 - Training conducted locally on each reservation

Finance

Performance since 2005

- \$80,000 per tribal government
- 147 Business Development Projects
- 91 private businesses created/retained
- \$4.4 million awarded
- \$25.1 million in leveraged funds
- 212 jobs created/retained
- 1,190 businesses/individuals trained



April Custer - IEF

Finance - ICED

Why fund Indian economic development?

Higher unemployment on reservations – 2X to 3X state average

Highest poverty rates in State

Lower per capita income

Lower wages

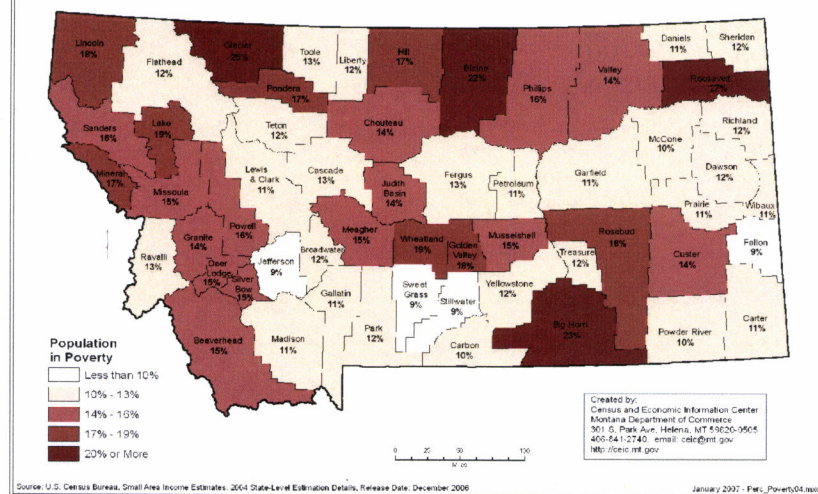
Smaller private sector

County	TANF Rank	SNAP Rank
Big Horn	2	3
Blaine		5
Glacier	3	1
Pondera	5	
Roosevelt	1	2
Rosebud	4	4

• Temporary Assistance for Needy Families
*Supplemental Nutrition Assistance Program

Poverty in Montana - 2004

Percent of People Living in Poverty by County



Finance

Community Development Block Grants

DP5109 – additional Federal Funding of \$1.6 million/yr.

Stimulate economic development activity by assisting businesses in creating or retaining jobs for low and moderate income persons

- loans to businesses for acquisition, construction, installation, or rehabilitation of commercial and industrial buildings, facilities, equipment, or working capital.
- assist businesses in providing needed skills and better-paying jobs for their workers
- may be used to build infrastructure businesses
- Fixed rate financing at 2% currently



New Century Ag. Westby Elevator

Finance - CDBG

Local governments eligible applicants

- lend funds to for-profit businesses

Repayments are kept locally and revolved into other business loans

May apply for up to \$400,000 per local government/year

Performance

- Helped create/retain over 7,764 jobs since 1987
- Over 80% of jobs made available to low- and moderate-income persons.
- Leveraged \$8.60 to \$1.00 - private to public funding



Stinger Welding

Finance

Microbusiness Finance Program (MCA 17-6-4)

Purpose: ... encourage and assist in the creation, development, and financing of businesses with fewer than 10 full-time equivalent employees and gross revenue of less than \$1 million per year

Microbusiness Development Corps. (MBDC's) located in Missoula, Havre, Butte, Wolf Point, and Helena

\$4.8 million loan fund (\$3.5 million currently lent to MBDC's)

- MBDC's lend to private businesses – funds must be matched and lent together
- Loan up to \$100,000 for working capital, equipment and other fixed assets
- Business must meet local lending criteria

Performance:

- 1,046 loans to Montana small businesses
- \$20.6 million in loans
- 1,263 jobs

Statutory Programs

Board of Research & Commercialization Technology

(MCA 90-3, MCA 2-15-19, MCA 15-35-108)

Big Sky Economic Development Trust Fund

(MCA 90-1-2)

Wood Products Revolving Loan Fund

MCA 90-1-5

Information

Census & Economic Information Center (MCA 90-1-109)

Purpose: (MCA 90-1-109)..establish and maintain a central depository of information...concerning the significant characteristics of the state, its people, economy, land, and physical characteristics....analyze and disseminate such information to state, federal, and local agencies and to the general public.

Since 1978 - Official repository of Montana Census data -
Memorandum of Understanding with U.S. Census Bureau

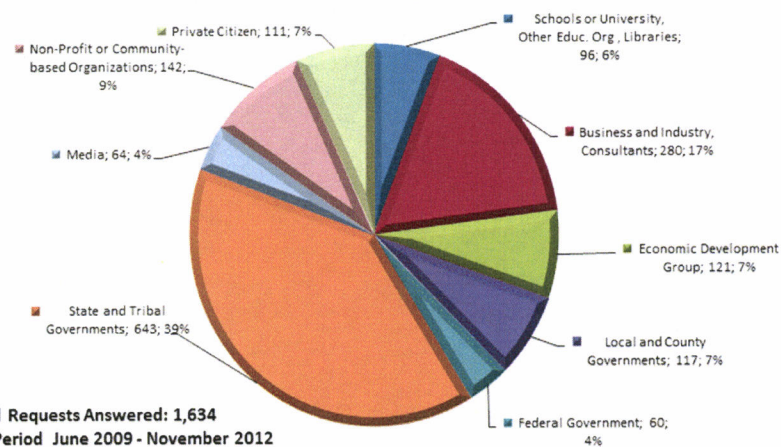
Critical information for citizens, business, and government

- Decennial census dissemination (economic and demographic information)
- Client research services
- Market analysis
- Facility planning
- Legislative districting
- Federal funds access



Information - CEIC

CEIC Info Requests by Requestor



Information - CEIC

Census & Economic Information Center - Montana's Key Economic Indicators

Montana Economic Outlook	Latest Value	Difference from Year Ago	Percent Change from Year Ago
Total GDP ¹ (US\$ millions)	37,990 in 2011	1,450	3.97%
Total Real GDP ¹ (Chained 2005 US\$ Millions)	31,983 in 2011	-2.0	-0.01%
Total Personal Income ¹ (US\$ Thousands)	35,951,540 in 2011	1,858,031	5.45%
Population ² (number of persons)	998,199 in 2011	7,241	0.73%
Per Capita Personal Income ¹ (US\$)	36,016 in 2011	1,811	4.88%
Civilian Labor Force ³ (workers)	510,143 in Nov 2012	3,696	0.73%
Employees on Nonfarm Payrolls ³ (workers)	480,603 in Nov 2012	7,990	1.69%
Unemployment Rate ³ (%)	5.8 in Nov 2012	-0.9	-13.43%
Coincident Econ. Activity Index ⁴ (July 1992=100)	158.82 in Nov 2012	5.55	3.62%

Data is automatically updated upon release from its source. Figures may be revised for previous periods.

1 - Source: Bureau of Economic Analysis (BEA)

2 - Midyear (July 1st) population estimates. Source: US Census Bureau, Population Division

3 - Source: Bureau of Labor Statistics (BLS) - Local Area Unemployment Statistics (LAUS). Figures are seasonally adjusted.

4 - Source: Federal Reserve Bank of Philadelphia

Published by Montana CEIC.

Ceic.mt.gov

Information

State-Tribal Economic Development Commission

(MCA 90-1-131)



Purpose: (MCA 90-1-131) Assisting, promoting, encouraging, developing, and advancing economic prosperity and employment on Indian reservations in Montana.

11 member Commission

- One member from each reservation in Montana and one member from the Little Shell Tribe
- Coordinator of Indian Affairs
- Montana Department of Commerce
- Governor's Office of Economic Development

Information - STEDC

- Support and develop private, Indian-owned businesses on Montana Reservations,
- Provide Commerce with information and advice on investments of economic development funding in Indian Country,
- Consult with each member Nation and the State on improving the economies on Montana's Indian reservations.
- Share best practices in economic development on and off Montana's reservations – what's working, and
- Provide information on local, state and federal resources available for projects in Indian Country.

Information

Economic Development Advisory Council

(MCA 2-15-1820)

Advise the Governor and the department on significant matters concerning economic development in Montana.

Advise the department

- distribution of funds to certified regional development corporations,
- operation of the microbusiness finance program,
- economic development in Indian country.

19 member Council

- Director of Commerce
- Chief Business Officer
- 2 Senators, 2 Representatives appointed by respective leadership
- Native American representing Tribal government
- Up to 12 members representing geographic regions in Mt.

NP5106 – Montana SBIR/STTR Program (MCA 90-1-117 - 119)**\$750,000 for biennium**

Over \$2.5 billion granted each year in Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs

Matching grants will provide technology-based Montana companies with critical funding to bridge the gap between product R&D and product sales.

Companies are eligible if they;

- have received a phase I award and,
- Intend to apply for a phase II (commercialization) award

- | | |
|-----------------------------|------------------------------------|
| ■ Good Nutrition Ideas, LLC | ■ Montana Microbial Products |
| ■ S2 Corporation | ■ NanoValent Pharmaceuticals, Inc. |
| ■ Bridger Photonics, Inc. | ■ Montana Molecular, LLC |
| ■ Synesis 7 | ■ GeneSearch, Inc. |
| ■ ATERIS Technologies | ■ S2 Corporation |

NP5107 – Biomedical \$2 Million for biennium - OTO

Competitive matching grants for Montana based, private, non-profit research institutions doing bio-medical research.

\$1 to \$1 match is required

Grants can be used to

Expand, renovate, and purchase equipment

Expand infrastructure

Enhance scientific collaborations between applicant and MUS

Matching grants previously provided to;

- McLaughlin Research Institute in Great Falls
 - Neurological research on Alzheimer's, Parkinson's, and multiple sclerosis
- Missoula Heart Institute
 - Grafts for the repair of vascular injuries specifically targeted to battlefield injuries to reduce amputations

Decision Packages

DP5101 – BRD Indian Country Economic Development

- \$1.6 million for biennium
- Funded since 2005

DP5102 - BRD Primary Business Sector Training OTO

- \$2 million for biennium
- Funded since 2005

DP 5103 – BRD Administrative Costs Adjustments

Category	Biennial Costs
▪ Overtime and per diem	\$5,246
▪ Contracted Services	<\$198,872>
▪ Rent	\$24,056
▪ Indirect Costs	\$142,089
▪ Loans made	\$3,487,118
▪ Special Projects	<\$100,000>

General Fund

reduction of <\$38,226> in FY14, <\$36,713> in FY15

Includes reduction of <\$99,436 FY14> and <\$99,436 FY15> in contracts and special projects paid to CRDC's in Eastern Montana for impact planning and mitigation.

SSR – Increase of \$1,105,400 FY14 and \$1,105,644 FY15
re-lending to Microbusiness Development Corporations

Federal – Increase of \$552,486 FY14 and \$771,064 FY15
re-lending authority for Federal (EDA/CDBG) revolving loan funds

DP 5104 – BRD Federal Grants Adjustments

\$1.6 million in additional authority for Community Development Block Grants

Federal sequestration may affect need for authority – unknown at this time.

NP5106 – Montana SBIR/STTR Program

- \$750,000 for biennium

NP 5107 – Biomedical - OTO

- \$2,000,000 for biennium

Questions?

